CHAPTER - VI

FAMILY HOLDING

We have in chapter IV introduced the concept of a family holding to determine the eligibility of a person to lease out land, the right to resume lands for personal cultivation and also the extent of land to be so resumed. This concept being an important one, we have considered it desirable to devote a separate chapter for its discussion.

2. A family holding is that extent of land which would normally provide a reasonable standard of living to an average family and also keep them more or less fully employed during the agricultural season. Hence two different considerations will arise for determination of what constitutes a family holding. The standard of life will inevitably lead to the income aspect while the condition of employment will lead to the concept of an operational unit. We have tried in the following paragraphs to reconcile both these aspects.

3. The Bombay Tenancy Act has fixed an economic holding at 4 acres of perennially irrigated land or 8 acres of seasonally irrigated land or 16 acres of jirayat land. These extents appear to have been fixed on an ad hoc basis without regard either to the income or to the operational aspect. In parts of Bombay area the plough unit is more than 16 acres and the economic holding thus falls short of an operational unit. The income from one acre of land of the same class varies very largely from place to place depending on the crop practices and distribution of rainfall. We are, therefore, of the view that it would not be feasible to fix the family holding in terms of acreage uniformally all over the State.

4. The Hyderabad Tenancy and Agricultural Lands Act fixes the family holding as that extent which would give a net income of Rs. 600, the net income being taken to be equal to half the gross produce. A Land Commission was appointed by the Hyderabad

Government under section 87A of the Hyderabad Act to determine the extent of family holding for the various districts and local areas. We are of the view that such local determination of the family holding as the extent which would give a specified income would be more feasible and we therefore recommend it for adoption in the new State of Mysore.

5. The question that arises next would be whether the net income of Rs. 800 fixed in the Hyderabad Act is adequate for adoption all over the State or requires modification. The income level adopted for this purpose should be such that the family holding is not less than an operational unit in any part of the State. Otherwise, even if a family owns one family holding, the family members and the bullocks and implements maintained by them will not be fully employed. Our enquiries have shown that in the black cotton soil area the extent of land that could be cultivated by a family with a pair of bullocks would give an average income up to Rs. 1200 per annum. Hence we are of the view that a family holding in Mysore may be defined as that extent of land which would give to its owner-cultivator a net income of Rs. 1200 per annum. We recommend that the same level of income may be adopted all over the State as it would be inequitable to lay down different levels of income for different parts of the State.

6. This definition of a family holding as that extent which would give a net income of Rs. 1200 per annum would ensure that a family holding is not less than an operational unit in any part of the State. At the same time it would assure for persons owning a family holding the same standard of living all over the State.

7. The level of income recommended by us, viz., Rs. 1200 is somewhat higher than that laid down in the Hyderabad Act, but we are convinced that a lower level would not be correct. As

pointed out earlier, if the level of income from family holding is fixed below Rs. 1200 the family holding will be less than an operational unit in large areas of the State having black cotton soil. Further, it is necessary to ensure that the person who stays in the village and attends to cultivation personally is not condemned to a lower standard of living than the average resident in the urban areas. The per capita income in India during 1955-56 was Rs. 281 and that during 1960-61 is expected to be Rs. 331. An average family of five had an income of Rs. 1405 in 1955-56 and will have an income of Rs. 1655 per annum by 1960-61. Even if the income of a family holding is Rs. 1200 the owner-cultivator of such a family holding may not be able to have a standard of living very much different from the average standard of living in the country.

We would also like to point out that with this level of income the owner-cultivator of a family holding will not be worse off than a J.J.M.C. who takes up employment in urban areas. Among the educated classes, only one member of the family is normally able to secure employment and in this State the average annual income of a J.J.M.C. employed in urban areas does not exceed Rs. 1200. The level of income proposed by us for a family holding is therefore neither too low nor too high.

8 Though the family holding should give an average annual net income of Rs. 1200, the procedure to be adopted for its determination should be such as to enable the work being completed within a reasonable time limit. From this point of view the most practicable procedure would be for the law itself to lay down the net produce to be assumed, for calculating the family holding, as a proportion of the gross produce as has been done in the Hyderabad Tenancy and Agricultural Lands Act. This would obviate meticulous calculations of cultivation expenses by the Land Commission which may be entrusted with this work. The Hyderabad Act lays down that fifty per cent may be deducted from the produce as cost of cultivation. Our enquiries go to

show th t the cost of cultivati n is bout 60% for l nds with assured irrig tion o ly and that for oth r lands it will be about 66 2/3% of the avirage annual produce. We would therefore suggest that for determining the family holding the average net income per acre should be taken as 60% of the average gross produce for lands having facilities for assured irrigation by flow nd 33 1/3% in respect of other lands. For coffee and tea, however, the net income p r acre may be determined on the basis of information available with the Coffee and Tea B ards. All that the Land Commission would have thus to do would be to determine with reference to the soil, rainfall and crop practices of each homogeneous local area, the a cent of land which would give a gross yield of Rs. 2400 if it is land with assured irriga ion and Rs. 3600 in other cases. The lands of each class may be divided into 3 gr des according to the soil value assigned during settlement and the average yield per acre of each class and grade worked out on the basis of actual yields during five consecutive years.

9. The question also arises regarding the year for which price has to be taken for computing the value of the produce. The estimates of per capita income mentioned earlier in this chapter are calculated at 1952-53 prices and we would recommend adoption of the same price level for determining the family holding also.

CEILING ON LAND HOLDINGS

10 In his address to the Allahabad session of the Agricultural Economics Conference, Prof. Dandekar has summed up the case for ceilings as follows:-

"Among all resources, the supply of land is the most limited and the claimants for its possession are extremely numerous. It is, therefore, curiously unjust to allow the exploitation of any large surface of land by a single individual

unless other overwhelming reasons make this highly desirable. Further, in the light of the available supplies of land, labour and capital it would be undesirable to encourage capital-intensive method of production. Moreover, whatever the economies of large-scale management, they should, in the conditions of our countryside, accrue to collective or cooperative bodies of cultivators rather than an individual family. Lastly, in the current socio-political climate redistribution of land would rather appear to be imperative".

The second Five Year Plan also stresses the need to reduce disparities in land ownership. Although the redistribution of excess land may yield limited results, it would afford opportunities to rural landless sections to improve their social status. The removal of disparities is also essential for developing a cooperative rural economy.

The imposition of ceiling on holdings is further justified from the standpoint of social justice. The step, being symbolic of a new social order, has great psychological value.

11. The policy of imposition of a ceiling would thus facilitate fulfilment of the following objectives:-

i) meeting the wide spread desire to possess land;

ii) reducing glaring inequalities in ownership and use of land;

iii) reducing inequalities in agricultural incomes; and

iv) enlarging the sphere of self-employment.

12. The following questions arise for consideration in connection with the imposition of a ceiling on agricultural holdings:-

a) to what lands ceilings should apply,

b) the levels at which ceilings may generally be fixed,

c) what exemptions should be made,

d) steps necessary to prevent mala fide transfers,

e) the rate of compensation for lands which are acquired, and

f) redistribution of lands which are acquired.

13. The ceiling can be imposed on future acquisition as well as on existing holdings. Ceiling on future acquisition has been imposed in the following States:-

Assam	--	50 acres
Bombay	---	12 to 40 acres
U.P.	---	30 acres
West Bengal	---	25 acres
Telengana area of Andhra Pradesh		3 family holdings
Madhya Bharat area in U.P.		50 acres
PEPSU area in Punjab		30 standard acres (in the case of displaced persons 40 standard acres).
Jammu & Kashmir		22 3/4 acres
Delhi		30 standard acres.

Legislation has been enacted in the following States for ceiling on existing holdings:

Assam	50 acres
West Bengal	25 acres
Telengana area in Andhra Pradesh	48 family holdings
PEPSU area in Punjab	Same as for future acquisition.

The ceiling fixed for future acquisition in the Bombay Tenancy and Agricultural Lands Act 1948 applies in the districts of Bijapur, Belgaum, Dharwar and North Kanara. The ceilings on future acquisition as well as on existing holdings fixed by the Hyderabad Tenancy and Agricultural Lands Act,1950 are applicable in the districts of Raichur, Gulberga and Bidar.

14. Ceiling on future acuisitions is quite necessary to check increase in the existing inequalities in the distribution of land. One of the suggestions made to us during our tours was that the family holding itself may be the ceiling. Even

the Second Five Year Plan has not gone to this extent. The persons who advocated this view pointed out that having regard to the great pressure on land, it is not necessary to permit any person to own more than one family holding. While there is some force in this view, we are not prepared to recommend it. The level of ceiling should be such as to enable persons from the better agricultural families to get the benefits of higher education to make them fit for other avocations. The ceiling should therefore be definitely higher than the family holding. We are of the opinion that the ceiling of three family holdings suggested in the Second Five Year Plan would be suitable for imposition in cases of future acquisition. This ceiling limit of three family holdings would also apply to land held by a tenant either as owner or as tenant or as both.

15. We have given anxious consideration to the question whether there should be a ceiling on existing holdings which are being personally cultivated. The Bombay Tenancy and Agricultural Lands Act 1950 does not impose any ceiling on the extent of land to be held by a person who has been cultivating personally from a date earlier than the imposition of ceiling on future acquisition. The Hyderabad Tenancy and Agricultural Lands Act of 1950 as amended in 1954 imposed a ceiling of 4½ family holdings even on holdings which were under personal cultivation. The Second Five Year Plan has not made any distinction between future acquisition and existing holdings as regards the ceiling. In fact there is a specific suggestion to impose a ceiling on existing holdings also.

In view of the fact that no ceilings have been proposed in other sectors, we were initially inclined to adopt the Bombay practice and not to suggest any ceilings on existing holdings under personal cultivation. But after careful examination of the matter we have come to the conclusion that a ceiling has to be imposed on existing holdings also. As the surplus above

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the ceiling in respect of lands leased out to tenants will have to be sold to the tenants themselves, the only source of getting some lands for redistribution among the landless persons is the imposition of ceilings on personal cultivation also. The urgent need to secure some land for redistribution weighed with us in recommending a ceiling on existing holdings also. We would however urge that ceilings may be imposed early in the other sectors of economy also so that there may be no sense of grievance on the part of the agriculturist.

16 We consider that there is some justification for allowing a higher ceiling limit in respect of existing holdings under personal cultivation. Future acquisition would arise only in respect of an absentee landlord who has leased out his lands, or in respect of a person who wants to adopt agriculture as his profession. An owner-cultivator, who has personally attended to agriculture all along and has invested on his agricultural establishment deserves a more considerate treatment, as he has probably no other source of income, unlike the person who has leased all his land. We recommend therefore that as in the Hyderabad act the ceiling on existing holdings under personal cultivation may be 4½ family holdings as against 3 family holdings for future acquisition. Even with the higher ceiling, the owner cultivator will have only an annual income Rs. 5400 which is about the same as the income of a Class II officer. An educated person who prefers to devote his entire time and resources to agriculture should not be worse off than his colleague who prefers to join service.

17 We have examined if any additional limit to the ceiling is necessary for large families with a number of persons exceeding five. One of the suggestions made to us was that each member may be allowed up to the ceiling. Acceptance of this suggestion would defeat the very object of imposing a ceiling. As recommended in the Second Five Year Plan, the ceiling may be doubled where the family consists of more than five members.

For the purpose of application of ceilings the expression family should, besides husband, wife, dependant sons and daughters and grand children, include other members of a joint family.

The Lands standing in the name of the wife shall also be taken into consideration for computing the ceiling, unless such Lands constitute her 'Stridhana'.

18. The fundamental idea in imposing a ceiling namely to secure as much land as possible for redistribution among the landless, would be defeated unless the ceiling is worked out ignoring transactions which have taken place in anticipation of a ceiling being imposed. The idea of imposing ceilings on land holdings in the areas where they did not exist was first mentioned in the Government order dated ~~10-8-1957~~ constituting this Committee. We therefore recommend that the surplus of land to be acquired should be computed on the basis of Land-hold by a Landholder on 10-8-1957. Ceiling being a continuing operation, even acquisitions subsequent to 10-8-1957 can be held only to the extent ceiling is not exceeded.

19. The Second Five Year Plan indicates that the following three main factors could be taken into account in deciding upon exemptions from the purview of the ceiling, namely: ——

(1) integrated nature of operations, especially where industrial and agricultural work are undertaken as a composite enterprise,

(2) specialised character of operations, and

(3) from the aspect of agricultural production the need to ensure that efficiently managed farms which fulfil certain conditions are not broken up.

Based on these considerations the Second Plan suggests that there may be an advantage in exempting the following

categories of farms from the operation of ceilings which may be proposed:-

(1) tea, coffee and rubber plantations;

(2) orchards where they constitute reasonably compact areas;

(3) specialised farms engaged in cattle breeding, dairying, wool raising etc;

(4) sugarcane farms operated by sugar factories; and

(5) efficiently managed farms which consist of compact blocks, on which heavy investment or permanent structural improvements have been made and whose break-up is likely to lead to a fall in production.

The Plan makes it clear that in the nature of things these are general suggestions which should be adapted to the needs and conditions of each State.

20 We consider that out of the five categories mentioned above, exemption from ceiling may be granted only to the categories (2), (3) and (5). The Land Commission should determine the estates coming under (5). We see no special reason to exempt coffee estates from the ceiling. Unlike in tea estates, there are no integrated operations, partly agricultural and partly industrial, in coffee estates. Moreover small estates namely those below 25 acres in extent number 34,213 out of a total 35,710 estates and the small holdings comprise 1/3 of the total area under coffee. Estates whose extent does not exceed 100 acres contribute half the total area. We have no material before us to show that the cost of production is substantially higher in the case of small holders than in the larger estates. We are not in these circumstances convinced that coffee estates have to be exempted from the ceiling. For future acquisition the ceiling may be 3 family holdings.

Many of the existing coffee estates are worked as large single units of production and any attempt to change their

structure by breaking them up into numerous small units may result in a break-down in production. We, therefore, recommend that existing coffee estates as on 1-1-1957 may be exempted from the ceiling limit, as they would actually come under category (5).

There are very few tea estates in this State. We are given to understand that tea plantations must always have a factory in their midst and that a minimum extent is required for running a factory. For future acquisition, the minimum extent required for running a factory may be determined by the Government of India and this would represent the ceiling. For reasons explained while considering coffee estates, existing tea estates as on 1-1-1957 which would also come under the fifth category may be exempted from the purview of the ceiling.

Rubber is not grown on a large scale in this State and the imposition of a ceiling on rubber estates is of no practical consequence.

As mentioned above, other efficiently managed farms under personal cultivation which consist of compact blocks on which heavy investment or permanent structural improvements have been made and whose break-up is likely to lead to a fall in production may, in deserving cases, be considered for exemption from the ceiling.

We do not consider that sugarcane farms operated by sugar factories qualify for exemption. If these factories have to serve the real purpose of improving the economic condition of the agriculturists in the area served by them, they must purchase the bulk of their requirements of sugar-cane from the growers. Encouragement of factory farms will lead to the cultivators being reduced to the level of labourers. We are, therefore, of the view that no sugar factory should own more than 1/6th of the area required to feed it. This 1/6th of the area should suffice for running demonstration plots, and to grow sets for supply to ryots. Cooperative sugar factories, which take lands

of the members on lease for cultivation on a cooperative basis, may however be exempted from the operation of the ceiling so far as the area taken on lease is concerned.

21. In respect of the lands leased out to tenants, the surplus above the ceiling will constitute the non-resumable extent and the ownership of it has to be conferred on the tenant as per our recommendations in chapter V. Unless the land with the tenant himself, together with the land on which he gets ownership exceeds the ceiling, the land held by tenants will not be available for re-distribution. In the very rare case of land held by a tenant also coming to the surplus pool for distribution, it may be dealt with in the same manner as surplus land taken over from an owner-cultivator. The surplus above the ceiling should vest in Government. The owner may be required to declare not later than six months from the determination of family holding for the local area, the area which he retains and the area which would vest in Government. If no such declaration is made within six months, the prescribed authority may make the determination. For the surplus over the ceiling which vests in Government, the owner should be paid compensation equal to 15 times the average net annual income he was getting from the land. In case of land leased out to tenants the owner's net income will be fair rent minus land revenue. In respect of personally cultivated lands the net income should be taken as half the average gross produce for lands with assured irrigation and 1/3 the average gross produce for other lands as determined by the Land Commission. This proportion is the same as that recommended for adoption while determining the family holding. The compensation will be paid in the shape of bonds on the same terms as compensation for non-resumable land transferred to tenants.

22. The natural tendency on the part of large holders would be to give up to Government as surplus above the ceiling lands which are inferior in quality or have remained uncultivated. In Kerala, the surplus surrendered to Government may include land classed as dry but used for grazing only. Government may by

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rules prescribe that the land ~~Commission~~ Tribunal may take into account the previous agricultural history of the land while fixing the compensation. So far as grazing lands or uncultivated lands are concerned we would recommend that twenty-five times the assessment would be adequate compensation.

Allotment of surplus land :

23. The surplus land which vests in Government consequent on the imposition of ceiling may be allotted by the Land Tribunal in the following order of preference: —

(1) landless agriculturists, agricultural labourers and displaced tenants having no land, not less than one basic holding each,

(2) tenants and displaced tenants with less than a basic holding, and owner-cultivators with less than a basic holding, not less than the extent required to make up a basic holding,

(3) tenants and displaced tenants with less than a family holding; owner-cultivators with less than a family holding, and

(4) other persons desiring to take up personal cultivation.

The allottees may be allowed to pay the cost of the land and interest to Government in annual instalments not exceeding 15 or in a lumpsum, if they so choose.

24. Ceiling should be operative in respect of land got by inheritance also. The owner should demarcate within six months of his succeeding to the land the surplus which would vest in Government.

25. Where a person holds land with full ownership rights in addition to land on restricted tenure such as a service or other inam land, the extent held under restricted tenure should not be taken into consideration for purposes of the ceiling. As soon as the restrictions on tenure are removed and full occupancy rights conferred, the ceiling will operate and the owner will have to demarcate the surplus land within six months of getting the occupancy rights. We would however suggest that

[illegible] claim of rights may be conferred in addition in respect of land now held under also, on such terms as Government may [illegible], so that these lands may also come within the ceiling as soon as it becomes applicable. The condition of other lands also may be imposed wherever [illegible].

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26. 'Basic holding' generally indicates the minimum area needed for profitable cultivation. The Second Five Year Plan suggests that for practical purposes, a family holding may be assumed to be made up of three basic holdings. On the basis of the definition suggested by us for family holding, a basic holding represents the extent of land which will give a net income of Rs. 400 per year to its owner-cultivator.